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//MEXICO: PRESIDENT LOPEZ PORTILLO'S RECENTLY ANNOUNCED DECISION TO POSTPONE INDEFINITELY JOINING THE GENERAL AGREEMENT ON TARIFFS AND TRADE REFLECTS HIS COMMITMENT TO STEER A POLITICAL COURSE INDEPENDENT OF THE US AND A DETERMINATION TO USE OIL TO OBTAIN EVEN BETTER BILATERAL TRADE DEALS. THE TIMING OF THE ANNOUNCEMENT WAS A SURPRISE AS MEXICO HAD UNTIL MAY TO DECIDE. LOPEZ PORTILLO PROBABLY WANTED TO AVERT DOMESTIC CRITICISM OF INCREASING OIL PRODUCTION, WHICH FAVORS US INTERESTS.//

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//THE DECISION PROBABLY WILL NOT GREATLY AFFECT US-MEXICAN TRADE IN THE SHORT TERM. SINCE LAST YEAR'S TRADE

AGREEMENT WITH THE US HAS NOW LAPSED, MEXICO MAY HAVE TO FORGO ONLY ABOUT \$20 MILLION IN TARIFF CONCESSIONS. MEXICO'S UNDER SECRETARY OF COMMERCE INDICATED THAT THE US WILL BE THE FIRST COUNTRY APPROACHED FOR A NEW BILATERAL ACCORD. MEXICO BELIEVES THAT US INTEREST IN OIL AND ILLEGAL MIGRATION WILL MAKE IT MORE RESPONSIVE TO MEXICAN PROBLEMS; THE RECENT US RULING ON WINTER VEGETABLES IN FAVOR OF MEXICO WILL STRENGTHEN THIS PERCEPTION.//

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